

Listing of the Claims:

This listing of claims will replace all prior versions, and listings, of claims in the application.

1. (currently amended) A system for a third party service provider to verify and provide payment for merchants to accept authorized checks provided to a merchant and receive payment on the same electronically from a third party service provider where the transaction is verified and may be guaranteed, the image of the check writer's check is captured and stored, a sight draft possibly with the image of the subject check for the subject payment is created and presented for payment comprising:

a communication device for the merchant to input enter the information from the a check and the subject a corresponding transaction and to transmit the information statistical information to a the service provider;

a database maintained by the service provider programmed to receive statistical information from the merchant, to analyze this statistical the information and provide a response to the merchant indicating the probability that the check payment will be honored;

a check scanner or other an image-transfer device attached to the merchant's communication device to capture the image of the subject check and to transmit the image of the check to the service provider data storage;

an image repository for storage of the images of the checks processed through this invention;

an automated system to transmit payment for the check from the service provider on approved transactions to the a bank account of the merchant in the amount of the approved transaction, less the cost of the at least one of a service fee, and a prearranged risk hold backs, and a delayed posting arrangements or other criteria; and

an automated process wherein if the merchant is a "guarantee" customer of the service provider, the merchant shall be is selectively indemnified for any returned checks that are returned unpaid from the check writer's bank account. This guarantee shall be subject to the terms and conditions of the service provider's contract for the same.

2. (currently amended) The system of Claim 1 wherein a sight draft payable to either at least one of the service provider or and the merchant in the amount of the check approved transaction is created through a check software and printing program using the statistical information transmitted to the service provider from the merchant. This the sight draft may have including an image of the subject check printed on it, wherein the check is and shall be deposited in the bank account of the service provider and processed through traditional check processing means.

3. (new) A method for processing checks, comprising:

- (a) receiving check and transaction data of a check at a merchant point of sale;
- (b) transmitting the check and transaction data to a service provider, wherein the service provider compares the check and transaction data to a statistical database to determine a probability that the check will be honored;
- (c) transmitting an indicator of the probability that the check will be accepted to the merchant; and
- (d) printing a sight draft of the check payable to at least one of the merchant and the service provider when the merchant accepts the check, and processing the sight draft of the check.

4. (new) The method as recited in claim 3, further comprising the step of transmitting payment from the service provider's bank account to the merchant's bank account.

5. (new) The method as recited in claim 4, further comprising the step of deducting at least one of a service fee and a prearranged risk hold back from the payment.

6. (new) The method as recited in claim 4, further comprising the step of delaying payment until the check clears.

7. (new) The method as recited in claim 4, further comprising the step of delaying payment for a predetermined posting arrangement.

8. (new) The method as recited in claim 3, further comprising the step of indemnifying the merchant when the check is returned.

9. (new) The method as recited in claim 3, wherein step (c) comprises providing an indication of a disapproval of the check to the merchant.

10. (new) The method as recited in claim 9, wherein step (d) comprises providing an option for the merchant to override the disapproval of the check to accept the check

11. (new) The method as recited in claim 3, wherein the step (c) comprises providing an accept or a decline indication for the check based on the probability.

12. (new) The method as recited in claim 3, wherein step (b) comprises comparing at least one of an MICR number, a driver's license number, an area code, a phone number, a dishonored check statistic, a purchase amount, and a number of purchases within a date range associated with the check writer to evaluate the probability of the check being honored.

13. (new) The method as recited in claim 3, wherein step (b) comprises evaluating a standard industrial classification of the merchant.

14. (new) The method as recited in claim 3, further comprising the steps of scanning an image of the check, storing the image of the check, and using the image of the check in printing the sight draft.

15. (new) A check authorization and payment system, comprising:

a service provider system including a communication device, a memory storage device and a printing device;

a merchant system including a data entry device and a communication device, the merchant system being programmed to acquire check and transaction data from the data entry device, and to transmit the check and transaction data and an indication of an acceptance of the check to the service provider system;

wherein the service provider system is programmed to receive the check and transaction data from the merchant system, compare the check and transaction data to statistical data stored in the database to determine a probability that a check will be accepted, to transmit the probability to the merchant system, and to print a sight draft of the check for deposit when the indication of the acceptance of the check is received from the merchant system, wherein the sight draft is then processed for payment.

16. (new) The check authorization and payment system of claim 15, wherein the merchant system further comprises a scanning device, and is further programmed to acquire a scanned image of a submitted check from the scanning device.

17. (new) The check authorization and payment system of claim 16, wherein the service provider system is further programmed to receive the scanned image, and to print the scanned image as a component of the sight draft.

18. (new) The check authorization and payment system of claim 15, wherein the service provider system is further programmed to determine a probability that a check will be accepted based on at least one of an MICR number, a driver's license, an area code, a phone number, a historical transaction data, and a number of purchases within a particular date range for the check writer.

19. (new) The check authorization and payment system of claim 15, wherein the service provider system is further programmed to transmit one of an approval or a disapproval of the check based on the probability that the check will be accepted.

20. (new) The check authorization and payment system of claim 19, wherein the merchant system is further programmed to transmit a disapproval override to the service provider system to provide the indication of the acceptance of the check.

21. (new) The check authorization and payment system of claim 15, wherein the service provider system is further programmed to transmit payment for the check to an account associated with the merchant.

22. (new) The check authorization and payment system of claim 21, wherein the service provider system is further programmed to delay the transmission of payment for a predetermined check posting time.

23. (new) The check authorization and payment system of claim 21, wherein the service provider system is further programmed to deduct at least one of a service fee and a risk hold back from the payment.

24. (new) The check authorization and payment system of claim 21, wherein the service provider system is further programmed to deduct at least one of a service fee and a risk hold back from the payment.

25. (new) The check authorization and payment system of claim 15, wherein the sight draft is deposited in the service provider's bank account.